

# Department of Transportation Impact of the Fuel Tax Swap

Presented to the  
California Transportation Commission  
June 30, 2010



# Fuel Tax Swap Highlights

- State sales tax on gasoline eliminated
- Excise tax on gasoline increased by 17.3¢/gallon
  - 35.3¢/gallon effective July 1, 2010
  - Adjusted on March 1 each year to remain revenue neutral
- State excise tax on diesel reduced to 13.6¢/gallon
  - State sales tax on diesel increased by 1.75 percent to 6.50 percent
  - Effective July 1, 2011
  - Adjusted on March 1 each year to remain revenue neutral

# Distribution of Increase to Excise Tax

- 17.3 cent per gallon increase in 2010-11:
  - \$603M to debt service
  - \$650M loaned to the General Fund
    - 50% to the SHA for STIP (about \$635M)
    - 50% to Local Streets and Roads (about \$635M)
- 2011-12 and thereafter:
  - Debt service has first priority, remainder distributed accordingly:
    - 44% to the SHA for STIP
    - 44% to Local Streets & Roads
    - 12% to the SHA for SHOPP



# Fuel Tax Swap Funding Impacts

## Department of Finance forecast compared to 2010 Fund Estimate revenues:

- SHA funded Highway STIP to receive additional \$33M/yr
- SHA funded SHOPP to receive additional \$136M/yr
- Net decrease to PTA funded STIP of \$227M/yr
  - \$182M/yr decrease in expenditures
  - \$408M/yr reduction in resources
    - STA to receive about 75 percent of sales tax on diesel revenues in 2011-12 and thereafter (about \$350M/yr)



# Transit STIP Funding

- PTA contributions to STA increased to 75 percent of sales tax on diesel in 2011-12 and thereafter
  - STA funding may be used for capital costs
- SHA cannot fund transit except for mass transit guideways
- Federal transit STIP has no budget authority in 2010-11
- SHA and Federal funds used for transit STIP directly impacts funds available for highway STIP



# State Highway Account

- New highway STIP will be funded from the SHA.
- TIF obligations will be transferred to the SHA
  - After liquidation of encumbrances and obligations reduces fund balance to zero
  - Forecasted to occur in October 2011
- Questions?